

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Products Price Changes
Rates of General Applicability

Docket No. CP2018-8

COMMENTS OF THE PARCEL SHIPPERS ASSOCIATION (PSA)

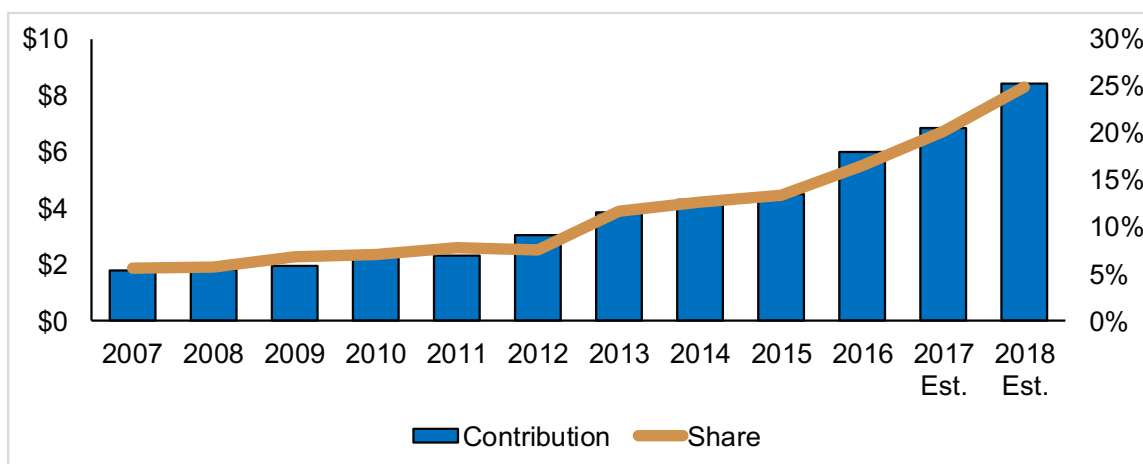
(October 24, 2017)

The Parcel Shippers Association (PSA) respectfully submits these comments concerning changes in rates of general applicability for competitive products in response to Order No. 4154.¹ We comment on just two matters.

First, the Postal Service's notice clearly shows that the noticed rates comply with Section 3633 of the Postal Accountability and Enhancement Act. The Postal Service projects that competitive products will contribute \$8.2 billion to institutional costs in FY 2018. This amount represents 24.3 percent of institutional costs, well above the 5.5 percent required by the Commission, and a 37 percent increase from FY 2016, the most recent year for which actual contribution data are available.

¹ Order No. 4154, Notice and Order Concerning Changes in Rates of General Applicability for Competitive products, October 10, 2017.

Figure 1. Competitive Product Contribution (Billions) to Institutional Costs and Share of Institutional Costs²



Second, the Postal Service proposes increasing First-Class Package Services Retail prices by an average of 14.5 percent in January 2018,³ bringing the total increase in the average price of this product to 26 percent in less than a five-month period.⁴ Price increases of this magnitude are clear evidence that, contrary to USPS representations in Docket No. MC2015-7, this product is not competitive.⁵ Indeed, the Postal Service was so confident that there was insufficient competition to make these huge increases unprofitable that its Governor approved the increases a year in advance.

² FY 2007 – FY 2016, Public Cost and Revenue Analysis; Docket No. CP2017-20, Notice of United States Postal Service of Changes in Rates of General Applicability for Competitive Products (October 19, 2016); Docket No. CP2018-8, Notice of United States Postal Service of Changes in Rates of General Applicability for Competitive Products (October 6, 2017)

³ Decision of the Governors of the United States Postal Service on Changes in Rates of General Applicability for Competitive Products (Governors' Decision No. 16-10) at 1.

⁴ The 14.5 percent increase follows on the heels of a 9.9 percent price increase last month. Decision of the Governors of the United States Postal Service on Changes in Rates of General Applicability for Competitive Products (Governors' Decision No. 16-9).

⁵ Docket No. MC2015-7, Response of the United States Postal Service to Chairman's Information Request No. 2, June 26, 2017, Attachment 2.

Given the inaccuracy of the Postal Service's MC2015-7 representations regarding the proper classification of Retail First-Class Package Services, PSA encourages the Commission to closely scrutinize future USPS proposals to transfer products from the market-dominant to the competitive product list to prevent the Postal Service from substantially increasing prices on products for which shippers have no reasonable competitive alternative.

Respectfully submitted,
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